

HANDBOOK FOR PUBLIC FUNDS

PLEASE NOTE: *The Handbook for Public Funds has been compiled for reference purposes only and should not be used as an authority on the campaign spending laws and rules of Hawaii.*

I. INTRODUCTION

A voluntary publicly funded system of financing campaigns in Hawaii is designed to encourage a greater number of candidates to participate in the election process. Partial public funding is expected to provide greater opportunity for new candidates by providing a neutral source of revenue to assist candidates to raise sufficient money to communicate their views and positions to the voters. It is hoped that partial public financing of candidates will reduce the influence of special interests and reduce the fundraising advantages of incumbents.

Public funds are made available to candidates as a match for a minimum threshold of itemized political contributions from individuals supporting the candidate, and raised by the candidate. In return for receiving public funds the candidate must abide by limitations in spending for the campaign. To insure that a candidate makes a serious effort in the campaign, there is a requirement that candidates for the Senate, House, Council, and Prosecuting Attorney get at least ten percent of the votes cast in the election in order to receive the full amount of the entitlement of public funds. Separate grants are available for the primary and general election campaigns. The candidate may be eligible to receive public funds for either or both.

A candidate must have a qualified opponent on the ballot in any election in which the candidate seeks public funds. The grant of public funds is conditioned upon separate minimum qualifying campaign contribution thresholds and expenditure limitations for the primary and general elections. Qualifying campaign contributions cannot include loans and in-kind contributions. The use of public funds is limited to specific conventional campaign goods and services. The proper use of grant funds must be substantiated through a proof of payment procedure.

This guidebook is prepared by the Hawaii Campaign Spending Commission to assist candidates who choose to participate in the public fund requirements of the campaign spending law. Every effort is made to detail the requirements and answer most questions. For further reference, candidates should refer to the Hawaii Revised Statutes, Chapter 11, Part XII, Subpart B, and

Hawaii Administrative Rules, Title 2, Chapter 14, Campaign Spending Rules.

Candidates are also encouraged to seek assistance through the commission staff by requesting advisory letters for specific questions. The address and communication numbers are below.

For more information contact the:

Campaign Spending Commission
335 Merchant Street, Room 244B
Honolulu, Hawaii 96813
Telephone: (808) 586-0285
Neighbor Island: Enterprise 5406
Fax: (808) 586-0288
E-mail: abaldome@pixi.com

II. REQUIREMENTS FOR PUBLIC FUNDING

A. limit CAMPAIGN EXPENDITUREs

Any candidate seeking public funding for their campaign must agree to limit campaign expenditures.

- a. Candidates agreeing to limit expenditures must file an affidavit with the commission. The affidavit can be found in Appendix C of this guidebook.
- b. Affidavits shall be filed at the time the candidate's organizational report is filed.
- c. Expenditure limits begin on January 1 of the election year and end on the day of the primary or special election for either of the respective elections. The expenditure limit for the general election begins on the day following the primary or special election and ends on the day of the general election.

Expenditure limits differ for the office sought as determined by the number of voters in the last preceding general election registered to vote in each voting district. The number of voters is multiplied by an amount designated in Section 11-209 of the campaign spending law. These amounts are:

- a. Office of Governor--\$2.50;
- b. Office of Lieutenant Governor--\$1.40;
- c. Office of Mayor--\$2.00;
- d. Offices of State Senator, and State House of Representative--\$1.40;
- e. County Council --\$1.40;
- f. Prosecuting Attorney--\$1.40; and
- g. Office of the Board of Education and all Other Offices--20 cents.

Any candidate who has agreed to the expenditure limit and who exceeds the limit shall pay the full filing fee, notify all opponents, the chief election officer, all contributors, and the commission by telephone and in writing the day the expenditure limits are exceeded. Notification to contributors shall inform them that contributions are no longer tax deductible. In addition, there are substantial penalties for exceeding the expenditure limit as discussed below.

The expenditure limit for each office and district can be found in Appendix A of this guidebook.

B. QUALIFYING campaign CONTRIBUTIONS

In order to apply for public funds the candidate must have received a minimum threshold of qualifying campaign contributions. A qualifying campaign contribution is defined as a monetary contribution of \$100 or less, and not more than \$100 of a person's total aggregate monetary contribution. Qualifying campaign contributions do not include loans or in-kind contributions.

Candidates must file a statement of intent to seek qualifying campaign contributions with the commission prior to receiving any qualifying campaign contributions.

A contribution received before the filing of a statement of intent to seek qualifying campaign contributions may not be considered as a qualifying contribution. The "Statement of Intent to Seek Qualifying Campaign Contributions" can be found in Appendix D of this guidebook.

The minimum amount of aggregate qualifying campaign contributions for each election for the respective offices is as follows:

- a. Office of Governor--\$75,000;
- b. Office of Lieutenant Governor--\$50,000;
- c. Office of Mayor and Prosecuting Attorney in a county with more than 100,000 registered voters--\$40,000;
- d. Office of Mayor and Prosecuting Attorney in a county with less than 100,000 registered voters--\$10,000;
- e. Office of County Council--\$5,000;
- f. Office of State Senator--\$2,500;
- g. Office of State House of Representative--\$1,500;
- h. All Other Offices--\$500.

C. QUALIFIED OPPONENT

In order to be eligible to receive public funds a candidate and at least one other candidate for the same elective seat must have their names on the election ballot in the same election.

D. ENTITLEMENT TO PAYMENTS.

Public Funds Available. The public fund amounts for each election can be found in Appendix B of this guidebook.

A. The maximum amount of public funds available for the following offices is twenty percent of the total expenditure limit for the election year or 10% per election:

- 1. Governor;
- 2. Lieutenant Governor; and
- 3. Mayor.

B. The maximum amount of public funds available for the following offices is thirty percent of the total expenditure limit for the election year or 15% per election:

1. State Senate;
2. State House of Representative;
3. County Council; and
4. Prosecuting Attorney.

C. For the Board of Education and all Other Offices, the maximum amount of public funds available is \$100 in any election year or \$50 per election.

Initial Certification. A candidate for state senate, state house of representative, county council, or prosecuting attorney is eligible to receive up to fifty percent of the amount of public funds to which the candidate is entitled upon initial certification by the commission. Initial certification requires verification by the commission that the candidate has filed the required statements and the candidate has met the minimum requirement for qualifying campaign contributions.

For the offices of Governor, Lieutenant Governor, Mayor, Board of Education and the Office of Hawaiian Affairs the full amount of public funds shall be available upon initial certification by the commission.

Certification. A candidate for state senate, state house of representative, county council, or prosecuting attorney must have received at least ten percent of the votes cast in the election for the office which the candidate is seeking in order to receive an additional amount up to fifty percent of the eligible amount. Certification requires verification of the votes cast requirement and a campaign expense report.

E. CAMPAIGN EXPENSES OF PUBLIC FUNDS

Candidates are authorized to use public funds only for the following campaign expenses:

1. Candidate filing fees;
2. Media, including newspaper, radio and television; and

3. Printing costs.

A candidate may use public funds to repay a loan if the proceeds of the loan were used to pay for authorized campaign expenses.

Public funds received by the candidate can only be used to pay for the campaign expenses directly incurred during the election in which the candidate received the public funds. Public funds received during a primary, special or general election can only be used during the election for which the funds are designated.

Any unused public funds must be returned to the Hawaii Election Campaign fund.

F. CAMPAIGN EXPENSES for a fundraiser

The following expenses incident to a fundraiser and to all other political fundraising activities held for the benefit of a candidate shall not be considered expenditures within the expenditure limits established for each office:

1. The cost of food and beverages consumed at the function;
2. Rent and utilities for the premises where the function is held;
3. Payments for guest speakers and entertainment;
4. Printing and postage related to a function; and
5. All other direct costs incurred in a solicitation of the fundraiser or fundraising activity.

III. APPLICATION PROCEDURES

Candidates planning to apply for public funds must take the following steps:

1. File an affidavit of compliance stating that the candidate will not exceed the expenditure limits for that office;
2. File a statement of intent to seek qualifying campaign contributions;

3. Receive at least one briefing conducted by the commission on public campaigns; financing of
4. File an application for public funds which includes:
 - a. Report on qualifying campaign contributions;
 - b. Report on expenditures;
 - c. Proof of candidacy as determined by the Elections Commission.
5. Final application shall be filed no later than sixty days after the general election.

IV. DISTRIBUTION OF FUNDS

- A. Public funds received by the candidate shall promptly be deposited in a financial institution designated to do business in Hawaii.
 - B. Expenditure of public funds shall be made only on checks drawn from the account of that financial institutions.
- Upon initial certification, which includes:
1. Review to insure that all forms have been properly filed;
 2. First stage audit of qualifying campaign contributions;
 3. First stage review of expenditures (based upon disclosure reports);
 4. Public funds distributed within ten days of candidate's initial application in an amount not to exceed fifty percent of the eligible amount;
 5. Upon receiving additional applications for public funds, additional distributions

will be made within two weeks in an amount not to exceed

fifty percent of the eligible amount.

Upon certification, which includes:

1. Review to insure that all proper forms and statements have been filed;
2. Second stage audit of contributions;
3. Second stage audit of expenditures;
4. Review of election results to determine if ten percent vote requirement met;
5. Funds distributed within two weeks of application for public funds.

Return of Funds

1. Campaign treasurer files report within 20 days of a primary or special election with evidence that all public funds paid to the candidate have been utilized properly;
2. Campaign treasurer files report within 30 days of general election with evidence that all public funds paid to the candidate have been utilized properly;
3. Any unused public funds shall be returned to the commission;
4. Any public funds not used in accordance with the law shall be returned to the commission;
5. Any public funds received by a candidate and determined by the commission to be in excess of the amount to which the candidate is entitled, shall be returned. The commission must make notification of excess funds within two years;
6. A candidate who exceeds the expenditure limit established for that election by more than one percent shall return all of the public funds received. Candidates who exceed the expenditure limit up to